

## Drinking Water State Revolving Fund (DWSRF)

### PRE-APPLICATION INFORMATION

With the attached Pre-application form, the Nevada Division of Environmental Protection, Bureau of Water Pollution Control (BWPC) is soliciting public water systems for possible projects to be funded by loans from the Drinking Water State Revolving Fund (DWSRF). This information is necessary to identify projects to be included on the next priority list of projects eligible to receive loans. The priority list will also be used to qualify Nevada for the next capitalization grant from the United States Environmental Protection Agency (USEPA). **Please provide the information requested on the attached form if you wish to identify a project for consideration.**

The establishment of a DWSRF program, as authorized under the 1996 Safe Drinking Water Act Amendments and legislation passed by the 1997 Nevada Legislature (SB 302), provides public water systems with a low-interest source of financing capital improvements. Through SB302, the 1997 Nevada Legislature provided the legislative authority to establish and administer a DWSRF program. This law may be found in the Nevada Revised Statutes at Chapter 445A, Sections 445A.200 to 445A.295, inclusive. The Web site URL is: <http://www.leg.state.nv.us/NRS/NRS-445A.html#NRS445ASec200>.

The low-interest rates of these loans, which must be at or below market rates, are made possible through capitalization grants from the USEPA. These grants to the State provide most of the funds that support the revolving loan fund. In addition, the State also provides a 20% match of the federal allotment to the revolving loan fund. This 20% State match may be from the sale of State securities, appropriations and other sources. The interest from the loan repayments made by the water systems will amortize outstanding debt of the securities issued. The remaining interest and principal repayments will retire the loan and will return to the revolving loan fund so loans can be made to new projects in future years.

The BWPC administers the revolving loan fund. Fifteen percent of the loan fund is intended to provide loan assistance to projects associated with small systems, if there are enough eligible projects in this category. (Small systems are those systems that regularly serve less than 10,000 persons.) All community water systems, whether publicly or privately owned, are potentially eligible to receive DWSRF funding. Non-profit, non-community water systems are also potentially eligible for this financing; however, assistance is prohibited to systems that:

- 1) Do not have the technical, managerial, or financial capacity to ensure compliance with the regulations;
- 2) Are in significant non-compliance with a drinking water standard or variance; or
- 3) Are federally owned.

An exception is made to prohibitions 1 and 2 if:

- 1) The owner/operator agrees to make the changes necessary to achieve technical, managerial, and financial capacity; or
- 2) The use of the assistance will ensure compliance with the drinking water standard or variance.

In addition, a loan cannot be used by a system solely for the purpose of expanding the water system. Water system consolidation or regionalization, however, is a fundable capital improvement project. A water system that has received a loan must:

- 1) Establish a dedicated source of revenue for repayment;
- 2) Use accounting, audit and fiscal procedures which conform to generally accepted accounting principles;

- 3) Begin repayment of principal and accrued interest within one year after project completion (interest-only payments on funds accrued during construction are required); and
- 4) Complete repayment within 20 years.

The regulations pertaining to Nevada's DWSRF (NAC 445A.6751 through 445A.67644) may be found on the Internet at <http://www.leg.state.nv.us/nac/nac-445a.html>, a web site that is maintained by the Legislative Counsel Bureau. These regulations outline all of the requirements that a loan applicant must fulfill.

To be eligible for loan funds, a project **must** be on an approved priority list. Priority lists have been developed each year since 1998 to identify projects that were eligible for loans from the capitalization grants awarded to Nevada. A new project priority list will be developed to identify projects that are eligible for funds from the next capitalization grant. Unless they are withdrawn from further consideration, any projects from the existing priority list that are not funded or are not ready to proceed will be included in the next priority list. The 2003 priority list was finalized in February and revised in June. Systems that have not withdrawn their projects from the existing priority list **do not** need to submit a new Pre-application unless they have additional projects or have changed the scope of the original project.

As outlined in the program regulations, funding assistance is prioritized to address acute health risks, chronic health risks, and deteriorated/substandard condition of water systems, in that order. Existing debt is also eligible for refinancing if: 1) the water system is a municipal or publicly-owned system; 2) the project incurred debt and initiated construction after July 1, 1993, and 3) the project addressed priority health issues.

To give the BWPC the information necessary to determine the level of loan activity to expect during 2003-2004, please fill out and return the following Pre-application form if you have **any** projects to be considered for a loan. Submittal of a Pre-application form is essential should the water system decide to seek financial assistance from the revolving loan fund now or in the future, since a project cannot be considered if it is not on the priority list. Submission of this information, **which does not obligate the water system in any manner**, will be used in the preparation of Nevada's next priority list. A water system that has more than one project or that anticipates requesting staged funding for distinct project phases should submit a separate Pre-application form for each project or project phase. You are welcome to reproduce the form as necessary.

A water system whose project is ranked on the priority list should start taking steps to submit a Letter of Intent and a Loan Application when the funding becomes available. The requirements for this information are outlined in the regulations. The system should identify the capital improvement project(s) it plans to undertake and establish detailed cost estimates. It should conduct a self-assessment of its system to ensure that it would meet the technical, managerial and financial capacity requirements, and it should also identify the changes it might need to make to achieve this capacity if it finds deficiencies. A dedicated source of revenue to pay back the loan should be identified. The regulations for the program should be reviewed for more information on these requirements. Assistance for evaluating these issues may be available from third-party contractors funded by BWPC at no cost to interested public water systems serving fewer than 10,000 persons.

Please contact Adele Basham, Supervisor of the DWSRF Program, at (775) 687-4750, extension 265, should you have any questions or comments concerning the Pre-application form or any other aspects of this low-interest loan program. We will be happy to work with you in developing the necessary information.

**The completed Pre-application form should be mailed to:** Adele Basham, P.E., Supervisor, Drinking Water State Revolving Fund Program, Bureau of Water Pollution Control, Nevada Division of Environmental Protection, 1179 Fairview Drive, Suite 204, Carson City, NV 89701-5405.

**NEVADA DRINKING WATER STATE REVOLVING FUND LOAN  
PRIORITY LIST PRE-APPLICATION**

Refer to DWSRF Regulations (NAC 445A.6751 through 445.67644, inclusive) for further information.

<b>1. Project Name:</b>					
<b>2. County in Which Project Is Located:</b>					
<b>3. Applicant Organization:</b>					
<b>4. Contact Person:</b>					
<b>5. Company Name of Contact Person, If Different Than #3 Above:</b>					
<b>6. Address:</b>					
<b>7. Phone #:</b>			<b>8. Fax #:</b>		
<b>9. Project Description</b> ( <i>Provide as much information as necessary to completely describe the project and how it will address specific public health concerns or problems. Supplementary information may be attached on 8½" x 11" paper.</i> )					
<b>a. Facilities</b> ( <i>Check Appropriate Boxes</i> )					
	<b>Repair</b>	<b>Rehab</b>	<b>Upgrade</b>	<b>Replace</b>	<b>Expand</b>
Well or Spring Box					
Storage					
Distribution (includes booster pumps)					
Treatment (including disinfection)					
<b>b. Secure a New Water Source</b> ( <i>if acquiring water rights, contact the State Water Engineer, Water Resources Division, Department of Conservation and Natural Resources, at (775) 687-4380:</i> Check <u>One</u> Water Source: <input type="checkbox"/> Ground <input type="checkbox"/> Surface <input type="checkbox"/> Ground Under Direct Surface Influence					
<b>c. Source Protection</b> ( <i>if appropriate</i> ): Check Project Type: <input type="checkbox"/> Source Water Protection Measures <input type="checkbox"/> Land Acquisition to Protect Source					
<b>10. *****Attach a Map (8½" x 11" only) of the Service Area and the Location of the Project, if available.*****</b>					
<b>11. Estimated Project Costs (Prepared by a Professional Engineer):</b>					
<b>Eligible Cost Category</b>				<b>Amount</b>	
a. Pre-Construction (includes planning and design)				_____	
b. Construction (includes equipment, materials, and land)				_____	
c. Administrative, Legal, and Financial				_____	
<b>Total</b>				_____	
Estimate Prepared by _____					

**NEVADA DRINKING WATER STATE REVOLVING FUND  
LOAN PRIORITY LIST PRE-APPLICATION**  
Page 2

**11. Briefly Summarize the Project Below and/or Attach a Summary to the Application (8½" x11" only) Including an Estimated Schedule for Completion of the Water Project and a Statement of Readiness to Proceed with the Project.**

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**12. Number of Service Connections:** \_\_\_\_\_ **13. Population Served:** \_\_\_\_\_

**14. List any other Anticipated Sources of Funding for the Project from a State or Federal Agency or other Entity:**

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**15. Median Household Income (MHI) for the Area that will be Served or for the County in which the Project is Located:**

**MHI:** \_\_\_\_\_ **Source:** \_\_\_\_\_

**16. Anticipated Impact of the Costs of the Project to the Rates for Existing Customers:** \_\_\_\_\_

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**17. Provide Any Additional Information Necessary to Establish the Priority Rank for the Project (attach an 8½" x 11" sheet).**

**18. Describe the Source Of Funding That You Expect Will Repay the Loan:** \_\_\_\_\_

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**19. Estimated Date Funding Required:** \_\_\_\_\_

I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

**Authorized Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Please print name and title: \_\_\_\_\_